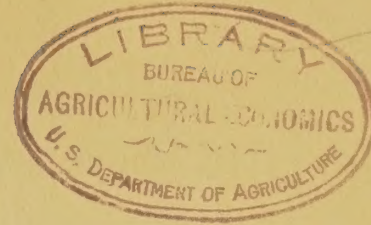


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Washington, D.C.



THE CANADIAN TREATY AND LIVESTOCK FEEDS

The parts of the Canadian trade agreement relating to livestock feeds provide a measure of mutual insurance against crop shortages for the farmers in the two countries who have to buy most of their feeds. The lower rates of duty will make it possible for these farmers in both countries to get some of their feeds in times of crop shortages for somewhat lower prices than they would otherwise have to pay. In years of normal production, the changes in tariff rates will not be important to either country, because farmers in both countries are heavy producers of feed. It will be possible for American farmers to sell more of these feed products to Canadian farmers only when through crop failure the Canadian farmers have reduced feed supplies.

The concessions made by the United States in the agreement did not change the rates on the principal cash grain crops. The tariff on wheat is still 42 cents a bushel, on corn, 25 cents a bushel, and on rye, 15 cents a bushel.

In the trade agreement, Canada reduced the rate of duty on the principal feed items, making a reduction in the tariffs on barley from 25 to 22-1/2 cents a bushel, and on oats from 16 cents a bushel to nine cents a bushel. The tariff on rye has been reduced from 15 cents to 9 cents a bushel, and on wheat from 30 cents a bushel to 12 cents a bushel. The duty on straw which was \$2 a ton has now been reduced to \$1.75 a ton and the duty on hay has been lowered from \$5 a ton to \$1.75 a ton.

The possibility of exporting rye to Canada depends upon the production in Canada and upon the supplies available in the United States for export. For instance, in 1925 Canada's rye production was only a little more than 9

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million bushels and in that year the United States had a large crop and exported 24-1/2 million bushels to Canada. In 1930, Canada produced 22 million bushels of rye and none was exported from the United States to that country. Very little rye has been exported to Canada since 1930. However, the new rates of duty will allow freer exports of American grain in years when there is a demand for it in Canada.

Among the concessions made by Canada is the reduction of the duty on corn from 25 cents a bushel to 20 cents a bushel. The United States does not normally export much corn to Canada, but in years when there is a good demand for corn in Canada, the new lower rate will make it possible for more American corn to be exported to that country. Our largest corn exports to Canada were in 1927 and 1929 when they were more than 10 million bushels. These were years when the Canadian corn crop was low. Also, in 1929 especially, oats, rye, and barley production was low in Canada and there was a greater demand for these feeds.

Soybeans, which formerly were subject to a Canadian duty of 25 percent ad valorem, are now to be admitted free. This is of interest to United States soybean producers as this crop is increasing in the United States and this concession in the duty should make possible the development of a larger Canadian market for this crop.

The United States reduced the rate of duty on hulled oats unfit for human consumption, and hay and agreed not to increase the rates on several items such as mixed feeds and on wheat unfit for human consumption. The United States, however, reserves the right to define such wheat. The duty on hulled oats is cut from 16 cents a bushel to 8 cents a bushel. The present rate on wheat for feed, bran, shorts, mixed feeds, and screenings, is to be kept at 10 percent ad valorem. This is the same rate at which United States farmers were able to secure considerable quantities of these feeds following the drought of 1934.

The duty on hay imported from Canada has been reduced from \$5 a ton to \$3 a ton. Practically all of the hay imported into the United States comes from Canada. These imports are limited largely to the northeastern States and in the past they have been small as compared with the total amount of hay produced in those regions. However, in years of reduced hay production in those States, these imports become important for these particular regions.

